STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL
PO Box 43172 • Olympia, Washington 98504-3172

October 31, 2002

Mr. Andrew McNeil
Duke Energy Grays Harbor
Post Office Box 26
Satsop, Washington 98583

Dear Mr. McNeil;

Thank you for meeting with EFSEC and Ecology staff on October 3, 2002, to discuss the implications of Duke Energy's deferral of the construction of the Satsop Combustion Turbine Project (Satsop CT) on the revision of the existing Prevention of Significant Deterioration/Notice of Construction (PSD/NOC) permit for the Satsop CT Phase I project.

EFSEC and Ecology Air program staff will continue preparing documents for Council's consideration of the revisions to the existing PSD/NOC permit for the Satsop CT Phase I project. Staff will work towards having these documents ready for Council consideration at the November 12, 2002 regular council meeting. As we indicated at the October 3rd meeting, EFSEC and our Ecology permit writer will suspend all work on air permit revisions pertaining to the Phase II proposal.

The current permit requires, and if amended, will continue to require, that construction at the Satsop CT Phase I project be "completed within a reasonable time" per the requirements of WAC 173-400-030 (15) (a) (1995 version adopted by EFSEC), and 40 CFR 52.21(b)(9) and 40 CFR 52.21(r)(2). To ensure that construction of the Satsop CT project is progressing, please submit a revised six-month construction schedule and continue to provide EFSEC with quarterly reports indicating progress on that schedule. The Council will take such reports into consideration on a regular basis to assess whether the Satsop CT Phase I project has "discontinued construction" for purposes of the PSD/NOC permit.

If you have any questions regarding this letter, please contact me directly at (360) 956-2152.

Sincerely,

Allen J. Fiksdal
EFSEC Manager

cc: Kevin Johnson, Duke Energy North America
        Laura Schinnell, Duke Energy Grays Harbor
        Karen McGaffey, Perkins Coie, L.L.P.
        Alan Newman, Department of Ecology

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